



PRESS RELEASE

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From Risk Reduction to Value Creation: Biannual survey shows shift in corporate attitudes to sustainability

BT leads the field in SustainAbility's latest biannual benchmarking survey of leading practice in corporate sustainability reporting, published in partnership with the United Nations Environment Programme (UNEP) and Standard and Poor's. Entitled *Tomorrow's Value*, the report ranks the world's leaders in corporate sustainability reporting, transparency and disclosure. Strikingly, half of the Leading 50 companies are complete newcomers, including 5 entrants from non-OECD countries.

Tomorrow's Value: Leading companies

2006 Rank	Company	Country	Percentage Score
1	BT	UK	80%
2	Co-operative Financial Services	UK	73%
3	BP	UK	72%
4=	Anglo Platinum	South Africa	70%
4=	Rabobank	Netherlands	70%
6	Unilever	UK/Netherlands	67%
7=	MTR	Hong Kong	66%
7=	Vodafone	UK	66%
9	Shell Group	UK/Netherlands	65%
10=	Nike	US	64%
10=	Novo Nordisk	Denmark	64%

The full leadership ranking and analysis is available in the report. Highlights include:

- **Yesterday's risks become tomorrow's opportunities for value creation:**
Leadership companies - including BP, BT, GE and Philips - are shifting the focus of their sustainability strategy away from risk management, towards a more progressive and entrepreneurial approach that seeks to identify the sustainability opportunities for strategic innovation and market building. However the pioneers are a minority, representing 28% of our Leading 50, compared to 60% who demonstrate a more conservative, risk focused approach.
- **Financial markets begin to influence sustainability disclosure:**
Cutting-edge sustainability reports are framed as part of a portfolio of information available to both socially responsible investment (SRI) funds and, increasingly, mainstream investors. A panel of Financial Experts, convened to input to the report, agreed that their sector's appraisal of stock volatility and long-term value was benefiting from heightened corporate transparency. Although around 70% of companies report some interaction with investors on sustainability matters, many still lack the hard targets and forward-looking information needed to become essential reading for mainstream analysts.
- **Sustainability integrates into core business processes:**
Most so-called sustainability reports are only steps in that direction, but there has been a leap in the proportion of companies reporting the integration of sustainable development factors into core decision-making. A central concept in this area has been 'materiality', helping companies sort the critical risks and opportunities from the background noise. This year at least 80% of companies were rated as integrated on at least one aspect of their reporting.



- **Public policy initiatives and disclosure remain weak:**

Tomorrow's Value concludes that under half of corporate reporters still fail to sufficiently discuss and link their sustainability initiatives and commitments to the lobbying activities they undertake and to the wider influence they exercise, either directly or through lobbying and trade organisations. Only 28% of the Leading 50 reporters covered this area meaningfully.

- **International frameworks begin to provide context:**

The report spotlights – and encourages – an emerging effort by some businesses to link their individual sustainability targets and activities with broader macro-frameworks, to provide a sense of scale and to help measure individual contributions. The Millennium Development Goals (MDGs) are used in this way by over 20% of the Leading 50 reporters.

John Elkington, *Founder and Chief Entrepreneur at SustainAbility*, said: 'Since we began work in this area in 1992, we have seen dramatic progress. Our 2006 benchmark survey spotlights both a continuing improvement in report quality and the entry of new reporters like General Electric, with even non-reporters Wal-Mart now lining up to report. But some of the most interesting reports now come from non-OECD countries. Their focus is different, concentrating on issues like black economic empowerment and new business approaches like micro-credit.'

George Dallas, *Managing Director at Standard & Poor's* said: 'We view robust transparency and disclosure as key components of a healthy financial marketplace and recognise the important role of environmental, social and governance disclosures. We are grateful to those organisations and companies who are signposting the way. We believe this report will be of interest not only to firms investing with a specific social agenda, but also to more traditional investors that are looking for indicators of management quality.'

Achim Steiner *Executive Director at UNEP* said: 'As the world moves towards the 2015 deadline for delivery of the MDGs, the corporate contribution to sustainable development is increasingly important. The companies providing successful solutions to MDG challenges will be the market leaders of the future. Against this backdrop, high quality transparency and disclosure will be a key indicator of a company's ability to succeed in dynamic and rapidly changing global markets.'

NOTES:

SustainAbility is a strategy consultancy and independent think-tank specialising in the business risks and market opportunities of corporate responsibility and sustainable development.

UNEP is the voice for the environment within the United Nations system.

The results in *Tomorrow's Value* are based on an updated methodology and on a new selection protocol, both developed in close consultation with experts and reporting companies. Rather than inviting own-submission of corporate reports (as in previous years), SustainAbility sought to identify eligible contenders on the basis of their performance across a range of sustainability and disclosure indicators that are publicly available. The ranking process is subject to scrutiny and challenge by an independent panel of experts.

For more information or media interviews:

Tomorrow's Value is available from www.sustainability.com

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